

AMENDED IN ASSEMBLY JULY 3, 2001

AMENDED IN SENATE MAY 31, 2001

AMENDED IN SENATE MAY 23, 2001

AMENDED IN SENATE MAY 3, 2001

AMENDED IN SENATE APRIL 25, 2001

SENATE BILL**No. 133**

Introduced by Senator Figueroa

(Coauthors: Senators Johannssen and Polanco)

(Coauthors: Assembly Members Aanestad, Correa, and Thomson)

January 29, 2001

An act to amend Sections 5000, 5015.6, 5020, 5081, 5082, 5082.1, 5082.3, 5082.4, 5087, 5088, and 5134 of, to amend and repeal Sections 5081.1, 5082.2, 5083, and 5084 of, and to add Sections 5076, 5082.5, 5090, 5091, 5092, 5093, 5094, and 5095 to, the Business and Professions Code, relating to accountants, *and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

SB 133, as amended, Figueroa. Accountants.

(1) Existing law provides for the licensing and regulation of accountants by the State Board of Accountancy in the Department of Consumer Affairs. The provisions creating the board and authorizing the board to appoint an executive officer will become inoperative on July 1, 2002, and will be repealed on January 1, 2003.

This bill would extend these dates, making the provisions inoperative on July 1, 2006, and repealing them on January 1, 2007. The bill would

increase the total membership of the board and would also alter the composition of the board.

(2) Existing law authorizes the board to conduct investigations or hearings relating to any matter involving the conduct of licensees. *Existing law authorizes the board to appoint an administrative committee for the purpose of obtaining technical expertise.*

This bill would provide that the executive officer would determine when to engage in these activities. *The bill would also revise the required composition of the administrative committee.*

(3) Existing law requires that an applicant for the certified public accountants' examination meet specified educational requirements and that an 'applicant for licensure as a certified public accountant meet certain educational and experience requirements.

This bill would revise these provisions relating to educational and experience requirements.

(4) Under existing law, a certified public accountant license candidate is required to pass a written examination. Existing law provides that a candidate who passes 2 or more subjects but fails the examination has the right to be reexamined in only the remaining subjects.

This bill would revise the provisions relating to the examination process and examination requirements.

(5) Existing law requires that an applicant for a certified public accountant license be over 18 years of age, and prohibits the board from giving a license to an applicant with a certified public accountant license from another state who is not over 18 years of age.

This bill would delete this age requirement.

(6) Existing law requires an applicant for licensure as a certified public accountant to demonstrate experience in the attest function.

This bill would require a firm, other than a sole proprietor or a small firm, to meet specified peer review requirements in order to provide attest services and would require an individual applicant to meet specified criteria to sign reports on attest engagements. The bill would require the board to adopt regulations implementing, interpreting, and making specific these new application, examination, education, and licensure requirements.

(7) Existing law provides that a person holding a valid and unrevoked license from any state may practice public accountancy after submitting an application for licensure and showing proof of qualifying continuing education.



This bill would also authorize a qualified applicant to also perform attest services.

(8) Existing law *sets specified fees to be charged by the board and* requires that the board maintain a reserve balance in its contingent fund equal to approximately 3 months of annual authorized expenditures.

This bill would *revise the fees to be charged by the board and would* require that the board maintain a reserve balance equal to approximately 6 months of annual authorized expenditures.

This bill would make other related changes.

(9) *Because this bill would increase fees deposited in the Accounting Fund, a continuously appropriated fund, it would make an appropriation.*

(10) The bill shall only become operative if AB 585 is enacted and becomes effective on or before January 1, 2002.

Vote: majority. Appropriation: ~~no~~—yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. *It is the intent of the Legislature that the new*
2 *education and experience requirements for the certified public*
3 *accountant license established by this legislation not be revised or*
4 *amended prior to the next review of the California Board of*
5 *Accountancy required by Division 1.2 (commencing with Section*
6 *473) of the Business and Professions Code.*
7 *Further, it is the intent of the Legislature that this review shall*
8 *be limited to issues related to implementation of the new licensure*
9 *requirements. In preparation for that review, the California Board*
10 *of Accountancy shall collect statistical information including*
11 *information on the number of applicants applying under Sections*
12 *5092 and 5093 of the Business and Professions Code, the number*
13 *of applicants passing the examination under Sections 5092 and*
14 *5093 of the Business and Professions Code, the number of*
15 *applicants applying and qualifying for licensure under Sections*
16 *5092 and 5093 of the Business and Professions Code, and the*
17 *number of applicants and licensees applying and qualifying for an*
18 *authorization to sign reports on attest engagements under Section*
19 *5095 of the Business and Professions Code. Also, it is the intent of*
20 *the Legislature that prior to the next review required by Division*
21 *1.2 (commencing with Section 473) of the Business and*

1 *Professions Code, the California Board of Accountancy develop*
2 *regulations and procedures to implement the peer review*
3 *requirement mandated by Section 5076 of the Business and*
4 *Professions Code.*

5 SEC. 2. Section 5000 of the Business and Professions Code is
6 amended to read:

7 5000. There is in the Department of Consumer Affairs the
8 California Board of Accountancy, which consists of 11 members,
9 six of whom shall be ~~certified public accountants~~ *licensees*, and
10 five of whom shall be public members who shall not be licentiates
11 of the board or registered by the board. The board has the powers
12 and duties conferred by this chapter.

13 The Governor shall appoint three of the public members, and the
14 six ~~certified public accountant~~ *licensee* members as provided in
15 this section. The Senate Rules Committee and the Speaker of the
16 Assembly shall each appoint a public member. In appointing the
17 six ~~certified public accountant~~ *licensee* members, the Governor
18 shall appoint members representing a cross section of the
19 accounting profession with at least two members representing a
20 small public accounting firm. For the purposes of this chapter, a
21 small public accounting firm shall be defined as a professional
22 firm that employs a total of no more than four ~~certified public~~
23 ~~accountants~~ *licensees* as partners, owners, or full-time employees
24 in the practice of public accountancy within the State of California.

25 This section shall become inoperative on July 1, 2006, and as of
26 January 1, 2007, is repealed, unless a later enacted statute, that
27 becomes effective on or before January 1, 2007, deletes or extends
28 the dates on which this section becomes inoperative and is
29 repealed. The repeal of this section renders the board subject to the
30 review required by Division 1.2 (commencing with Section 473).
31 However, the review of the board shall be limited to only those
32 issues identified by the Joint Legislative Sunset Review
33 Committee and the board pursuant to implementation of new
34 licensing requirements.

35 ~~SEC. 2.~~

36 SEC. 3. Section 5015.6 of the Business and Professions Code
37 is amended to read:

38 5015.6. The board may appoint a person exempt from civil
39 service who shall be designated as an executive officer and who



1 shall exercise the powers and perform the duties delegated by the
2 board and vested in him or her by this chapter.

3 This section shall become inoperative on July 1, ~~2005~~ 2006,
4 and, as of January 1, ~~2006~~ 2007, is repealed, unless a later enacted
5 statute, which becomes effective on or before January 1, ~~2006~~
6 2007, deletes or extends the dates on which it becomes inoperative
7 and is repealed.

8 ~~SEC. 3.~~

9 SEC. 4. Section 5020 of the Business and Professions Code is
10 amended to read:

11 5020. The board may, for the purpose of obtaining technical
12 expertise, appoint an administrative committee of not more than
13 13 licensees, ~~at least one of whom shall be a public accountant,~~ to
14 perform any of the following duties, and the committee may be
15 vested with the powers of the board for those purposes:

16 (a) To receive and investigate complaints and to conduct
17 investigations or hearings, with or without the filing of any
18 complaint, and to obtain information and evidence relating to any
19 matter involving the conduct of licensees, as directed by the board
20 or as directed by the executive officer pursuant to a delegation of
21 authority by the board.

22 (b) To receive and investigate complaints and to conduct
23 investigations or hearings, with or without the filing of any
24 complaint, and to obtain information and evidence relating to any
25 matter involving any violation or alleged violation of this chapter
26 by licensees, as directed by the board or as directed by the
27 executive officer pursuant to a delegation of authority by the
28 board.

29 (c) In exercising the duties prescribed in this section, the
30 committee shall act only in an advisory capacity, shall have no
31 authority to initiate any disciplinary action against a licensee, and
32 shall only be authorized to report its findings from any
33 investigation or hearing conducted pursuant to this section to the
34 board, or upon direction of the board, to the executive officer.

35 ~~SEC. 4.~~

36 SEC. 5. Section 5076 is added to the Business and Professions
37 Code, to read:

38 5076. (a) In order to renew its registration, a firm providing
39 attest services, other than a sole proprietor or a small firm as
40 defined in Section 5000, shall complete a peer review prior to the

1 first registration expiration date after January 1, 2006, and no less
2 frequently than every three years thereafter.

3 (b) For purposes of this article, the following definitions apply:

4 (1) “Peer review” means a study, appraisal, or review
5 conducted in accordance with professional standards of the
6 professional work of a licensee or registered firm by another
7 licensee unaffiliated with the licensee or registered firm being
8 reviewed. The peer review shall include, but not be limited to, a
9 review of at least one attest engagement representing the highest
10 level of service performed by the firm and may include an
11 evaluation of other factors in accordance with requirements
12 specified by the board in regulations.

13 (2) “Attest services” include an audit, a review of financial
14 statements, *or* an examination of prospective financial
15 information, provided, however, “attest services” shall not
16 include the issuance of compiled financial statements.

17 (c) The board shall adopt regulations as necessary to
18 implement, interpret, and make specific the peer review
19 requirements in this section, including, but not limited to,
20 regulations specifying the requirements for the approval of peer
21 review providers, and regulations establishing a peer review
22 oversight committee.

23 ~~SEC. 5.~~

24 *SEC. 6.* Section 5081 of the Business and Professions Code is
25 amended to read:

26 5081. An applicant for admission to the examination for a
27 certified public accountant license shall:

28 (a) Not have committed acts or crimes constituting grounds for
29 denial of a license under Section 480.

30 (b) File the application for the examination. An application for
31 the examination shall not be considered filed unless all required
32 supporting documents, fees, and the fully completed
33 board-approved application form are received in the board office
34 or filed by mail in accordance with Section 11003 of the
35 Government Code on or before the specified final filing date.

36 (c) Meet one of the educational requirements specified in this
37 article.

38 ~~SEC. 6.~~

39 *SEC. 7.* Section 5081.1 of the Business and Professions Code
40 is amended to read:

1 5081.1. Pursuant to subdivision (b) of Section 5090, an
2 applicant for admission to the examination for a certified public
3 accountant certificate may qualify for admission with one of the
4 following:

5 (a) The applicant shall present satisfactory evidence that the
6 applicant has either of the following:

7 (1) A baccalaureate degree from a university, college or other
8 four-year institution of learning accredited by a regional
9 institutional accrediting agency included in a list of these agencies
10 published by the United States Secretary of Education under the
11 requirements of, the Higher Education Act of 1965 as amended,
12 (20 U.S.C. Sec. 1001 *and* following) with a major in accounting
13 or related subjects requiring a minimum of 45 semester units of
14 instruction in these subjects. If the applicant has received a
15 baccalaureate degree in a nonaccounting major, the applicant shall
16 present satisfactory evidence of study substantially the equivalent
17 of an accounting major, including courses in related business
18 administration subjects.

19 (2) A degree or degrees from a college, university, or other
20 institution of learning located outside the United States that is
21 approved by the board as the equivalent of the baccalaureate
22 degree described in paragraph (1). The board may require an
23 applicant under this paragraph to submit documentation of his or
24 her education to a credentials evaluation service approved by the
25 board for evaluation and to cause the results of this evaluation to
26 be reported to the board. The board shall adopt regulations
27 specifying the criteria and procedures for approval of credential
28 evaluation services. These regulations shall, at a minimum,
29 require that the credential evaluation service (A) furnish
30 evaluations directly to the board; (B) furnish evaluations written
31 in English; (C) be a member of the American Association of
32 Collegiate Registrars and Admission Officers, the National
33 Association of Foreign Student Affairs, or the National
34 Association of Credential Evaluation Services; (D) be used by
35 accredited colleges and universities; (E) be reevaluated by the
36 board every five years; (F) maintain a complete set of reference
37 materials as specified by the board; (G) base evaluations only upon
38 authentic, original transcripts and degrees and have a written
39 procedure for identifying fraudulent transcripts; (H) include in the
40 evaluation report, for each degree held by the applicant, the

1 equivalent degree offered in the United States, the date the degree
2 was granted, the institution granting the degree, an English
3 translation of the course titles, and the semester unit equivalence
4 for each of the courses; (I) have an appeal procedure for applicants;
5 and (J) furnish the board with information concerning the
6 credential evaluation service that includes biographical
7 information on evaluators and translators, three letters of
8 references from public or private agencies, statistical information
9 on the number of applications processed annually for the past five
10 years, and any additional information the board may require in
11 order to ascertain that the credential evaluation service meets the
12 standards set forth in this paragraph and in any regulations adopted
13 by the board.

14 (b) The applicant shall present satisfactory evidence that the
15 applicant has successfully completed a two-year course of college
16 level study or received an associate ~~in~~ *of* arts degree from a
17 community college, either institution accredited by a regional
18 institutional accrediting agency that is included in a list published
19 by the United States Secretary of Education under the provisions
20 of federal law specified in paragraph (1) of subdivision (a), and
21 that the applicant has completed a minimum of 120 semester units
22 which includes the study of accounting and related business
23 administration subjects.

24 (c) The applicant shall show to the satisfaction of the board that
25 he or she has had the equivalent of the educational qualifications
26 required by subdivision (b), or shall pass a preliminary written
27 examination approved and administered by an agency approved
28 by the California State Department of Education and shall have
29 completed a minimum of 10 semester units or the equivalent in
30 accounting subjects. The 10 semester units in accounting subjects
31 shall be completed at a college, university, or other institution of
32 higher learning accredited at the college level by an agency or
33 association that is included in a list published by the United States
34 Secretary of Education under the federal law specified in
35 paragraph (1) of subdivision (a).

36 (d) The applicant shall be a public accountant registered under
37 this chapter.

38 (e) This section shall remain in effect only until January 1,
39 2006, and as of that date is repealed, unless a later enacted statute,
40 that is enacted before January 1, 2006, deletes or extends that date.

~~SEC. 7.~~

SEC. 8. Section 5082 of the Business and Professions Code is amended to read:

5082. An applicant for a certified public accountant license shall have successfully passed examinations in subjects the board deems appropriate.

~~SEC. 8.~~

SEC. 9. Section 5082.1 of the Business and Professions Code is amended to read:

5082.1. All examinations provided for herein shall be held by the board at places circumstances may warrant, and as often as may be necessary in the opinion of the board. The board may contract with any organization, governmental or private, for examination material or services. Within 90 days after the examination the board shall notify each candidate of his or her score. All examination records shall be preserved for a period of at least six months after the notification of scoring and any candidate shall upon request to the board have access to his or her records.

~~SEC. 9.~~

SEC. 10. Section 5082.2 of the Business and Professions Code is amended to read:

5082.2. For candidates seeking to be reexamined pursuant to subdivision (b) of Section 5090, a candidate who fails an examination provided for herein shall have the right to any number of reexaminations at subsequent examinations held by the board. A candidate who passes an examination in two or more subjects shall have the right to be reexamined in the remaining subject or subjects only, at subsequent examinations held by the board, and if he or she passes in the remaining subject or subjects within a period of time specified in the rules of the board, he or she shall be considered to have passed the examination.

This section shall remain in effect only until January 1, 2006, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2006, deletes or extends that date.

~~SEC. 10.~~

SEC. 11. Section 5082.3 of the Business and Professions Code is amended to read:

5082.3. An applicant for a license as a certified public accountant may be deemed by the board to have met the

1 examination requirements of Section 5082, 5092, or 5093 if the
2 applicant satisfies all of the following requirements:

3 (a) The applicant is licensed or has comparable authority under
4 the laws of any country to engage in the practice of public
5 accountancy.

6 (b) The International Qualifications Appraisal Board jointly
7 established by the National Association of State Boards of
8 Accountancy and the American Institute of Certified Public
9 Accountants has determined that the standards under which the
10 applicant was licensed or under which the applicant secured
11 comparable authority meet its standards for admission to the
12 International Uniform Certified Public Accountant Qualification
13 Examination.

14 (c) The applicant has successfully passed the International
15 Uniform Certified Public Accountant Qualification Examination
16 referenced in subdivision (b).

17 ~~SEC. 11.~~

18 *SEC. 12.* Section 5082.4 of the Business and Professions
19 Code is amended to read:

20 5082.4. A Canadian Chartered Accountant in good standing
21 may be deemed by the board to have met the examination
22 requirements of Section 5082, 5092, or 5093; if he or she has
23 successfully passed the Canadian Chartered Accountant Uniform
24 Certified Public Accountant Qualification Examination of the
25 American Institute of Certified Public Accountants or the
26 International Uniform Certified Public Accountant Qualification
27 Examination referenced in subdivision (b) Section 5082.3.

28 ~~SEC. 12.~~

29 *SEC. 13.* Section 5082.5 is added to the Business and
30 Professions Code, to read:

31 5082.5. The board may give credit to a candidate who has
32 passed all or part of the examination in another state or territory,
33 if the members of the board determine that the standards under
34 which the examination was held are as high as the standards
35 established for the examination in this chapter.

36 ~~SEC. 13.~~

37 *SEC. 14.* Section 5083 of the Business and Professions Code
38 is amended to read:



5083. (a) Pursuant to subdivision (b) of Section 5090, an individual applying for licensure shall meet, to the satisfaction of the board, one of the following requirements:

(1) Four years of experience if the applicant qualified to sit for the exam by meeting the requirements of subdivision (b) or (c) of Section 5081.1.

(2) Three years of experience if the applicant qualified to sit for the exam by meeting the requirements of subdivision (a) or (d) of Section 5081.1 or meets the requirements of Section 5082.3.

(b) In order to be qualifying under this section, experience shall have been performed in accordance with applicable professional standards. Experience in public accounting may be qualifying if completed by, or in the employ of, a person licensed or otherwise having comparable authority under the laws of any state or country to engage in the practice of public accountancy. Experience in private or governmental accounting or auditing employment may be qualifying provided that this work was performed under the direct supervision of an individual licensed by a state to engage in the practice of public accountancy.

(c) Qualifying experience for licensure includes providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills.

(d) The board shall prescribe rules related to the experience requirements set forth in this section, including a requirement that each applicant demonstrate to the board satisfactory experience in the attest function as it relates to financial statements. For purposes of this subdivision, the attest function includes audit and review of financial statements.

(e) This section shall remain in effect only until January 1, 2006, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2006, deletes or extends that date.

~~SEC. 14.~~

SEC. 15. Section 5084 of the Business and Professions Code is amended to read:

5084. For applicants seeking licensure pursuant to subdivision (b) of Section 5090, the board shall grant one year's credit toward fulfillment of its public accounting experience requirement to a graduate of a college who has completed a four-year course with 45 or more semester units or the equivalent

1 thereof in the study of accounting and related business
2 administration subjects, of which at least 20 semester units or the
3 equivalent thereof shall be in the study of accounting.

4 The members of the board shall prescribe rules establishing the
5 character and variety of experience necessary to fulfill the
6 experience requirements set forth in this section.

7 This section shall remain in effect only until January 1, 2006,
8 and as of that date is repealed, unless a later enacted statute, that
9 is enacted before January 1, 2006, deletes or extends that date.

10 ~~SEC. 15.~~

11 *SEC. 16.* Section 5087 of the Business and Professions Code
12 is amended to read:

13 5087. (a) The board may issue a certified public accountant
14 license to any applicant who is a holder of a valid and unrevoked
15 certified public accountant license issued under the laws of any
16 state, if the board determines that the standards under which the
17 applicant received the license are substantially equivalent to the
18 standards of education, examination, and experience established
19 under this chapter and the applicant has not committed acts or
20 crimes constituting grounds for denial under Section 480. To be
21 authorized to sign reports on attest engagements, the applicant
22 shall meet the requirements of Section 5095.

23 (b) The board may in particular cases waive any of the
24 requirements regarding the circumstances in which the various
25 parts of the examination were to be passed for an applicant from
26 another state.

27 ~~SEC. 16.~~

28 *SEC. 17.* Section 5088 of the Business and Professions Code
29 is amended to read:

30 5088. (a) Any person who is the holder of a valid and
31 unrevoked license as a certified public accountant issued under the
32 laws of any state and who applies to the board for a license as a
33 certified public accountant under the provisions of Section 5087
34 may, after application for licensure and after providing evidence
35 of qualifying continuing education, perform the same public
36 accounting services in this state as a certified public accountant
37 licensed under Section 5092 or 5093 until the time his or her
38 application for a license is granted or rejected.

39 (b) An applicant meeting the requirements of subdivision (a)
40 who certifies that he or she has met the requirements of Section

1 5095 may perform attest services in this state until the time his or
2 her application for a license is granted or rejected.

3 ~~SEC. 17.~~

4 *SEC. 18.* Section 5090 is added to the Business and
5 Professions Code, to read:

6 5090. (a) An applicant for the certified public accountant
7 license shall comply with the education, examination, and
8 experience requirements in either Section 5092 or 5093.

9 (b) Notwithstanding subdivision (a), an applicant who applied
10 and qualified for admission to the examination for the certified
11 public accountant license before December 31, 2001, may
12 complete the examination and qualify for licensure based on the
13 requirements in Sections 5081.1, 5082, 5082.2, 5083, 5084, and
14 applicable regulations adopted by the board that were in effect on
15 December 31, 2001, or comparable examination requirements
16 adopted by the board in the event the form or format of the
17 examination changes, provided the applicant qualifies and applies
18 for licensure no later than January 1, 2006.

19 ~~SEC. 18.~~

20 *SEC. 19.* Section 5091 is added to the Business and
21 Professions Code, to read:

22 5091. At the time of application for the examination, the
23 applicant shall choose whether he or she is making *the* application
24 under Section 5092 or 5093. An applicant making application
25 under Section 5093 may change and apply under Section 5092
26 without having to retake sections of the examination already
27 passed provided those sections were passed in accordance with the
28 requirements of Section 5092.

29 ~~SEC. 19.~~

30 *SEC. 20.* Section 5092 is added to the Business and
31 Professions Code, to read:

32 5092. (a) To qualify for the certified public accountant
33 license, an applicant who is applying under this section shall meet
34 the education, examination, and experience requirements in
35 subdivisions (b), (c), and (d) of this section. The board may adopt
36 regulations as necessary to implement this section.

37 (b) An applicant for the certified public accountant license
38 shall present satisfactory evidence that the applicant has
39 completed a baccalaureate or higher degree conferred by a college
40 or university, meeting, at a minimum, the standards described in

1 Section 5094, the total educational program to include a minimum
2 of 24 semester units in accounting subjects and 24 semester units
3 in business related subjects. This evidence shall be provided prior
4 to admission to the examination for the certified public accountant
5 license.

6 (c) An applicant for the certified public accountant license shall
7 pass an examination in accounting, auditing, and other subjects the
8 board deems appropriate. An applicant who fails this examination
9 has the right to reexamination. During the time this examination
10 is a written, paper and pencil examination, an applicant who passes
11 two or more subjects at any examination shall receive a conditional
12 credit for those subjects and does not need to sit for reexamination
13 in those subjects. The applicant shall have the right to be
14 reexamined in the remaining subject or subjects only at the six
15 subsequent examinations immediately following receipt of the
16 conditional credit. If the remaining subject or subjects are passed
17 during the six subsequent examinations, the candidate shall be
18 considered to have passed the examination.

19 The conditional credit period provided in this section may be
20 extended by the board upon a showing of extraordinary
21 extenuating circumstances which prevented the applicant from
22 retaking the examination during this period.

23 (d) The applicant shall show, to the satisfaction of the board,
24 that the applicant has had two years of qualifying experience. This
25 experience may include providing any type of service or advice
26 involving the use of accounting, attest, compilation, management
27 advisory, financial advisory, tax, or consulting skills. To be
28 qualifying under this section, experience shall have been
29 performed in accordance with applicable professional standards.
30 Experience in public accounting shall be completed under the
31 supervision or in the employ of a person licensed or otherwise
32 having comparable authority under the laws of any state or country
33 to engage in the practice of public accountancy. Experience in
34 private or governmental accounting or auditing shall be completed
35 under the supervision of an individual licensed by a state to engage
36 in the practice of public accountancy.

37 ~~SEC. 20.~~

38 *SEC. 21.* Section 5093 is added to the Business and
39 Professions Code, to read:

5093. (a) To qualify for the certified public accountant license, an applicant who is applying under this section shall meet the education, examination, and experience requirements specified in subdivisions (b), (c), and (d) of this section. The board may adopt regulations as necessary to implement this section.

(b) (1) An applicant for admission to the certified public accountant examination under the provisions of this section shall present satisfactory evidence that the applicant has completed a baccalaureate or higher degree conferred by a college or university, meeting, at a minimum, the standards described in Section 5094, the total educational program to include a minimum of 24 semester units in accounting subjects and 24 semester units in business related subjects. This evidence shall be provided at the time of application for admission to the examination.

(2) An applicant for issuance of the certified public accountant license under the provisions of this section shall present satisfactory evidence that the applicant has completed at least 150 semester units of college education including a baccalaureate or higher degree conferred by a college or university, meeting, at a minimum, the standards described in Section 5094, the total educational program to include a minimum of 24 semester units in accounting subjects and 24 semester units in business related subjects. This evidence shall be presented at the time of application for the certified public accountant license.

(c) An applicant for the certified public accountant license shall pass an examination in accounting, auditing, and other subjects the board deems appropriate. An applicant who fails this examination has the right to reexamination. During the time this examination is a written, paper and pencil examination, *if the applicant shall pass the examination in accordance with the requirements of paragraphs (1) and (2) of this subdivision.*

(1) *If* at a given sitting of the examination an applicant passes two or more subjects, but does not pass all subjects, the applicant shall be given conditional credit for those subjects and the applicant does not need to sit for reexamination in those subjects, provided that:

~~(1)~~

(A) At that sitting the applicant sat for all subjects for which the applicant does not have credit.

~~(2)~~

1 (B) The applicant attained a minimum standardized score of 50
2 as determined by the board on each subject taken at that sitting.

3 ~~(3) The applicant passes in~~

4 (2) *In order to pass the examination pursuant to the conditional*
5 *credit described in paragraph (1), the applicant shall pass the*
6 *remaining subjects within six consecutive examinations given*
7 *after the one at which the first subjects were passed; provided that:*

8 ~~(4)~~

9 (A) At each subsequent sitting at which the applicant seeks to
10 pass any additional subjects, the applicant sits for all subjects for
11 which the applicant does not have credit.

12 ~~(5)~~

13 (B) In order to receive credit for passing additional subjects in
14 any subsequent sitting, the applicant attains a minimum
15 standardized score of 50 as determined by the board on the subjects
16 taken at that sitting.

17 The conditional credit period provided in this section may be
18 extended by the board upon a showing of extraordinary
19 extenuating circumstances which prevented the applicant from
20 retaking the examination period.

21 (d) The applicant shall show, to the satisfaction of the board,
22 that the applicant has had one year of qualifying experience. This
23 experience may include providing any type of service or advice
24 involving the use of accounting, attest, compilation, management
25 advisory, financial advisory, tax or consulting skills. To be
26 qualifying under this section, experience shall have been
27 performed in accordance with applicable professional standards.
28 Experience in public accounting shall be completed under the
29 supervision or in the employ of a person licensed or otherwise
30 having comparable authority under the laws of any state or country
31 to engage in the practice of public accountancy. Experience in
32 private or governmental accounting or auditing shall be completed
33 under the supervision of an individual licensed by a state to engage
34 in the practice of public accountancy.

35 ~~SEC. 21.~~

36 SEC. 22. Section 5094 is added to the Business and
37 Professions Code, to read:

38 5094. (a) In order for education to be qualifying, it shall meet
39 the standards described in subdivision (b) or (c) of this section.

(b) At a minimum, education must be from a university, college, or other institution of learning accredited by a regional institutional accrediting agency included in a list of these agencies published by the United States Secretary of Education under the requirements of the Higher Education Act of 1965 as amended (20 U.S.C. Sec. 1001 and following).

(c) Education from a college, university, or other institution of learning located outside the United States may be qualifying if *provided* it is deemed by the board to be equivalent to education obtained under subdivision (b). The board may require an applicant to submit documentation of his or her education to a credentials evaluation service approved by the board for evaluation and to cause the results of this evaluation to be reported to the board in order to assess educational equivalency.

(d) The board shall adopt regulations specifying the criteria and procedures for approval of credential evaluation services. These regulations shall, at a minimum, require that the credential evaluation service (1) furnish evaluations directly to the board; (2) furnish evaluations written in English; (3) be a member of the American Association of Collegiate Registrars and Admission Officers, the National Association of Foreign Student Affairs, or the National Association of Credential Evaluation Services; (4) be used by accredited colleges and universities; (5) be reevaluated by the board every five years; (6) maintain a complete set of reference materials as specified by the board; (7) base evaluations only upon authentic, original transcripts and degrees and have a written procedure for identifying fraudulent transcripts; (8) include in the evaluation report, for each degree held by the applicant, the equivalent degree offered in the United States, the date the degree was granted, the institution granting the degree, an English translation of the course titles, and the semester unit equivalence for each of the courses; (9) have an appeal procedure for applicants; and (10) furnish the board with information concerning the credential evaluation service that includes biographical information on evaluators and translators, three letters of references from public or private agencies, statistical information on the number of applications processed annually for the past five years, and any additional information the board may require in order to ascertain that the credential evaluation service

1 meets the standards set forth in this subdivision and in any
2 regulations adopted by the board.

3 ~~SEC. 22.~~

4 *SEC. 23.* Section 5095 is added to the Business and
5 Professions Code, to read:

6 5095. (a) To be authorized to sign reports on attest
7 engagements, a licensee shall complete a minimum of 500 hours
8 of experience, satisfactory to the board, in attest services.

9 (b) To qualify under this section, attest experience shall have
10 been performed in accordance with applicable professional
11 standards. Experience in public accounting shall be completed
12 under the supervision or in the employ of a person licensed or
13 otherwise having comparable authority under the laws of any state
14 or country to engage in the practice of public accountancy and
15 provide attest services, and this experience shall be verified ~~by that~~
16 ~~person.~~ Experience in private or governmental accounting or
17 auditing shall be completed under the supervision of an individual
18 licensed by a state to engage in the practice of public accountancy
19 and perform attest services, and this experience shall be verified
20 ~~by that person.~~ An applicant may be required to present work
21 papers or other evidence substantiating that the applicant has met
22 the requirements of this section and any applicable regulations.

23 (c) An individual who qualified for licensure by meeting the
24 requirements of Section 5083 shall be deemed to have satisfied the
25 requirements of this section.

26 (d) The board shall adopt regulations to implement this section,
27 including, but not limited to, a procedure for applicants under
28 Section 5092 or Section 5093 to qualify under this section ~~at the~~
29 ~~time of licensure.~~

30 ~~SEC. 23.~~

31 *SEC. 24.* Section 5134 of the Business and Professions Code
32 is amended to read:

33 5134. The amount of fees prescribed by this chapter is as
34 follows:

35 (a) The fee to be charged to each applicant for the certified
36 public accountant examination shall be fixed by the board at an
37 amount to equal the actual cost to the board of the purchase or
38 development of the ~~written~~ examination, plus the estimated cost to
39 the board of administering the ~~written~~ examination and shall not
40 exceed ~~two hundred fifty~~ *six hundred* dollars ~~(\$250)~~ *(\$600)*. The

board may charge a reexamination fee equal to the actual cost to the board of the purchase or development of the ~~written~~ examination or any of its component parts, plus the estimated cost to the board of administering the ~~written~~ examination and not to exceed ~~fifty~~ *seventy-five* dollars (~~\$50~~) (\$75) for each part that is subject to reexamination.

(b) The fee to be charged to out-of-state candidates for the certified public accountant examination shall be fixed by the board at an amount equal to the estimated cost to the board of administering the examination and shall not exceed ~~one hundred~~ *fifty six hundred* dollars (~~\$150~~) (\$600) per candidate.

(c) The application fee to be charged to each applicant for issuance of a certified public accountant certificate shall be fixed by the board at an amount equal to the estimated administrative cost to the board of processing and issuing the certificate and shall not exceed two hundred fifty dollars (\$250).

(d) The application fee to be charged to each applicant for issuance of a certified public accountant certificate by waiver of examination shall be fixed by the board at an amount equal to the estimated administrative cost to the board of processing and issuing the certificate and shall not exceed two hundred fifty dollars (\$250).

~~(e) The fee to be charged to each applicant for registration shall be fixed by the board and shall not exceed one hundred fifty dollars (\$150).~~

(e) The fee to be charged to each applicant for registration as a partnership or professional corporation shall be fixed by the board at an amount equal to the estimated administrative cost to the board of processing and issuing the registration and shall not exceed two hundred fifty dollars (\$250).

(f) The board shall fix the biennial renewal fee so that, together with the estimated amount from revenue other than that generated by subdivisions (a) to ~~(d)~~ (e), inclusive, the reserve balance in the board's contingent fund shall be equal to approximately six months of annual authorized expenditures. Any increase in the renewal fee made after July 1, 1990, shall be effective upon a determination by the board, by regulation adopted pursuant to subdivision (k), that additional moneys are required to fund authorized expenditures other than those specified in subdivisions (a) to ~~(d)~~ (e), inclusive, and maintain the board's contingent fund

1 reserve balance equal to six months of estimated annual authorized
2 expenditures in the fiscal year in which the expenditures will
3 occur. The biennial fee for the renewal of each of the permits to
4 engage in the practice of public accountancy specified in Section
5 5070 shall not exceed two hundred fifty dollars (\$250).

6 (g) The delinquency fee shall be 50 percent of the accrued
7 renewal fee.

8 (h) The initial permit fee is an amount equal to the renewal fee
9 in effect on the last regular renewal date before the date on which
10 the permit is issued, except that, if the permit is issued one year or
11 less before it will expire, then the initial permit fee is an amount
12 equal to 50 percent of the renewal fee in effect on the last regular
13 renewal date before the date on which the permit is issued. The
14 board may, by regulation, provide for the waiver or refund of the
15 initial permit fee where the permit is issued less than 45 days
16 before the date on which it will expire.

17 ~~(i) The fee to be charged for filing of sponsor agreements for~~
18 ~~continuing education courses shall be fixed by the board at not~~
19 ~~more than one hundred dollars (\$100). Universities, colleges, or~~
20 ~~other four-year institutions of learning accredited by a regional or~~
21 ~~national accrediting agency or association included in a list of~~
22 ~~those agencies or associations published by the United States~~
23 ~~Commissioner of Education under the requirements of Section~~
24 ~~253 of the Veterans' Readjustment Assistance Act of 1952, known~~
25 ~~as Public Law 550 of the 82nd Congress, as amended, are~~
26 ~~exempted from the payment of this filing fee.~~

27 *(i) The fee to be charged for the certification of documents*
28 *evidencing passage of the certified public accountant*
29 *examination, the certification of documents evidencing the grades*
30 *received on the certified public accountant examination, or the*
31 *certification of documents evidencing licensure shall be*
32 *twenty-five dollars (\$25).*

33 (j) The actual and estimated costs referred to in this section
34 shall be calculated every two years using a survey of all costs
35 attributable to the applicable subdivision.

36 (k) Upon the effective date of this section the board shall fix the
37 fees in accordance with the limits of this section and, on and after
38 July 1, 1990, any increase in any fee fixed by the board shall be
39 pursuant to regulation duly adopted by the board in accordance
40 with the limits of this section.

1 *(l)* Fees collected pursuant to subdivisions (a) to ~~(d)~~ *(e)*,
2 inclusive, shall be fixed by the board in amounts necessary to
3 recover the actual costs of providing the service for which the fee
4 is assessed, as projected for the fiscal year commencing on the date
5 the fees become effective.

6 ~~SEC. 24.~~

7 *SEC. 25.* This bill shall become operative only if Assembly
8 Bill 585 is enacted and becomes effective on or before January 1,
9 2002.

